

OLD POINT FINANCIAL CORP  
Form DEF 14A  
March 18, 2009

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. \_\_)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Old Point Financial Corporation**

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(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

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(2) Aggregate number of securities to which the transaction applies:

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(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of the transaction:

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(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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March 18, 2009

Dear Fellow Stockholders:

You are cordially invited to attend the 2009 Annual Meeting of Stockholders of Old Point Financial Corporation, the holding company for The Old Point National Bank of Phoebus and Old Point Trust & Financial Services, N.A. The meeting will be held on Tuesday, April 28, 2009 at 6:00 p.m. at the The Hampton Roads Convention Center, 1610 Coliseum Drive, Hampton, Virginia. The accompanying Notice and Proxy Statement describe the matters to be presented at the meeting. Also enclosed is our 2008 Annual Report to Stockholders that will be reviewed at the Annual Meeting.

We are pleased to be using the Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our stockholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of this Proxy Statement and our 2008 Annual Report to Stockholders. The Notice of Internet Availability of Proxy Materials contains instructions on how to access those documents over the Internet. The Notice of Internet Availability of Proxy Materials also contains instructions on how to obtain a paper copy of our proxy materials, including this Proxy Statement, our 2008 Annual Report to Stockholders and a form of proxy card. All stockholders who do not receive a Notice of Internet Availability of Proxy Materials will receive a paper copy of the proxy materials by mail. We believe that this process will benefit our stockholders by expediting their receipt of the proxy materials and reducing the cost of printing and distributing our proxy materials and conserving natural resources.

**Please complete, sign, date, and return the enclosed proxy card or follow the instructions on your proxy card to vote by telephone or over the Internet as soon as possible.** Whether or not you will be able to attend the Annual Meeting, it is important that your shares be represented and your vote recorded. If you decide to attend the Annual Meeting in person, you can revoke your proxy any time before it is voted at the Annual Meeting.

We appreciate your continuing loyalty and support of Old Point Financial Corporation.

Sincerely,

/s/ Robert F. Shuford  
Robert F. Shuford  
*Chairman of the Board and President*

OLD POINT FINANCIAL CORPORATION

1 West Mellen Street, P.O. Box 3392, Hampton, Virginia 23663

**OLD POINT FINANCIAL CORPORATION**

**1 West Mellen Street**

**Hampton, Virginia 23663**

**NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD APRIL 28, 2009**

The 2009 Annual Meeting of Stockholders of Old Point Financial Corporation (the Company ) will be held at The Hampton Roads Convention Center, 1610 Coliseum Drive, Hampton, Virginia, on Tuesday, April 28, 2009, at 6:00 p.m. for the following purposes:

1. To elect 16 directors to the Board of Directors of the Company to serve until the 2010 Annual Meeting of Stockholders, as described in the Proxy Statement accompanying this notice.

2. To transact such other business as may properly come before the meeting or any adjournment thereof.

Stockholders of record at the close of business on February 18, 2009 are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

By Order of the Board of Directors

/s/ Louis G. Morris

Louis G. Morris

*Secretary to the Board*

March 18, 2009

**IMPORTANT NOTICE**

Please complete, sign, date, and return the enclosed proxy card in the accompanying postage paid envelope or follow the instructions on your proxy card to vote by telephone or over the Internet so that your shares will be represented at the meeting. Stockholders attending the meeting may personally vote on all matters that are considered, in which event their signed proxies are revoked. If you vote by Internet or telephone, please do not mail your proxy card.

**OLD POINT FINANCIAL CORPORATION**

**1 West Mellen Street**

**Hampton, Virginia 23663**

**PROXY STATEMENT**

**2009 ANNUAL MEETING OF STOCKHOLDERS**

**To be held on April 28, 2009**

**General**

The following information is furnished in connection with the solicitation by and on behalf of the Board of Directors of the enclosed proxy to be used at the 2009 Annual Meeting of Stockholders (the "Annual Meeting") of Old Point Financial Corporation (the "Company") to be held Tuesday, April 28, 2009, at 6:00 p.m. at The Hampton Roads Convention Center, 1610 Coliseum Drive, Hampton, Virginia.

**Electronic Notice and Mailing**

Pursuant to the rules promulgated by the Securities and Exchange Commission (the "SEC"), the Company has elected to make its proxy materials available to stockholders on the Internet or by delivering paper copies of these materials by mail. Accordingly, on or about March 18, 2009, the Company mailed a Notice of Internet Availability of Proxy Materials (the "Notice of Internet Availability") to some stockholders and mailed paper copies of the proxy materials to some stockholders. If you received a Notice of Internet Availability by mail, you will not automatically receive a paper copy of the proxy materials by mail. Instead, the Notice of Internet Availability contains instructions on how to access and review this proxy statement and our 2008 Annual Report to Stockholders and vote via telephone or via the Internet. If you received a Notice of Internet Availability by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability. As of March 18, 2009, and for a period through the date of the Annual Meeting, all stockholders will have the ability to access all of the proxy materials at [www.evisionreports.com/opof](http://www.evisionreports.com/opof)

The proxy materials include:

Our proxy statement for the Annual Meeting;

Our 2008 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2008; and

Our proxy card.

**Voting and Revocation of Proxies**

You may vote in person at the Annual Meeting or by proxy. You may vote your shares by proxy in one of the following ways: (1) use the toll-free number on your proxy card or Notice of Internet Availability to submit your proxy via telephone; (2) visit the website shown on your proxy card or Notice of Internet Availability to submit your proxy via the Internet; or (3) complete, sign, date and return the enclosed proxy card

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in the enclosed postage-paid envelope.

If your shares are held in street name, through a broker or other nominee, that institution will send you separate instructions describing the procedure for voting your shares.

You may change or revoke your proxy at any time before your shares are voted at the Annual Meeting, by any of the following methods: (1) submit a written notice of revocation to the Secretary of the Company by the close of business on April 27, 2009; (2) submit a completed proxy card bearing a later date than your original proxy card by the close of business on April 27, 2009; (3) use the toll-free number shown on your proxy card or notice of Internet availability and follow the instructions to submit your proxy via telephone, by 6:00 p.m., Eastern time, April 28, 2009; (4) visit the website shown on your proxy card or notice of Internet availability and follow the instructions to submit your proxy via the Internet, by 6:00 p.m., Eastern time, April 28, 2009; or (5) attend the Annual Meeting and request to vote in person.

If your shares are held in street name, through a broker or other nominee, you should contact your broker or other nominee to change your vote.

Voting your shares via telephone or via the Internet, or sending in a proxy card will not affect your right to attend the Annual Meeting and to vote in person. Street name stockholders who wish to vote in person at the Annual Meeting will need to present a proxy from the institution that holds their shares.

Proxies will extend to, and will be voted at, any properly adjourned session of the Annual Meeting. If a stockholder specifies how the proxy is to be voted with respect to any proposals for which a choice is provided, the proxy will be voted in accordance with such specifications. If a stockholder fails to specify with respect to such proposals, the proxy will be voted **FOR** the election of the director nominees in proposal 1 set forth in the accompanying notice and further described herein.

### **Voting Rights of Stockholders**

Only those stockholders of record at the close of business on February 18, 2009, are entitled to notice of and to vote at the Annual Meeting, or any adjournments thereof. The number of shares of common stock of the Company outstanding and entitled to vote at the Annual Meeting is 4,397,447. The Company has no other class of stock outstanding. The presence of a majority of the shares entitled to be voted, represented in person or by proxy, will constitute a quorum for the transaction of business.

Each share of Company common stock entitles the record holder thereof to one vote for each matter to be voted upon at the Annual Meeting, except that in the election of directors cumulative voting entitles a stockholder to give one nominee as many votes as is equal to the number of directors to be elected, multiplied by the number of shares owned by such stockholder or to distribute his or her votes on the same principle between two or more nominees as he or she sees fit. The Board of Directors will instruct the proxies to use cumulative voting, if necessary, to elect all or as many of the nominees as possible. Shares for which the holder has elected to abstain or to withhold the proxies' authority to vote (including broker non-votes) on a matter will count toward a quorum, but will not be included in determining the number of votes cast with respect to such matter.

With regard to the election of directors, votes may be cast in favor or withheld. If a quorum is present, the nominees receiving the greatest number of votes cast at the Annual Meeting will be elected directors; therefore, votes withheld will have no effect. Approval of any other matter requires an affirmative vote of a majority of the shares voted on the matter. Thus, although abstentions and broker non-votes (shares held by customers that may not be voted on certain matters because the broker has not received specific instructions from the customers) are counted for purposes of determining the presence or absence of a quorum, they are generally not counted for purposes of determining if a proposal has been approved, and therefore have no effect.

### **Solicitation of Proxies**

The cost of solicitation of proxies will be borne by the Company. Solicitations will be made only by the use of the mail, except that officers and regular employees of the Company, The Old Point National Bank



of Phoebus (the Bank ) and Old Point Trust & Financial Services, N.A. (the Trust Company ) may make solicitations of proxies in person or by telephone or mail, acting without compensation other than their regular compensation. We anticipate that brokerage houses and other nominees, custodians, and fiduciaries will be requested to forward the proxy soliciting material to the beneficial owners of the stock held of record by such persons, and the Company will reimburse them for their charges and expenses in this connection.

### Security Ownership of Certain Beneficial Owners and Management

The following table shows the share ownership as of February 18, 2009, of the stockholders known to the Company to be the beneficial owners of more than 5% of the outstanding shares of the Company's common stock, with the exception of Old Point Trust & Financial Services, N.A., which shows the share ownership as of January 31, 2009.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership <sup>(1)</sup>	Percent of Class
Old Point Trust & Financial Services, N.A. 11780 Jefferson Avenue, Suite D Newport News, Virginia 23606	977,263 <sup>(2)</sup>	19.9%
James Reade Chisman 609 Washington Street Hampton, Virginia 23669	404,119 <sup>(3)(4)</sup>	8.2%
Robert F. Shuford, Sr. 1 West Mellen Street P.O. Box 3392 Hampton, Virginia 23663	605,745 <sup>(3)(5)</sup>	12.3%
VuBay Foundation P.O. Box 3552 Hampton, Virginia 23663	309,552 <sup>(6)</sup>	6.3%
Ann DeVenny Wallace 2636 South Lynn Street Arlington, Virginia 22202-2264	317,171 <sup>(3)</sup>	6.5%

- (1) For purposes of this table, beneficial ownership has been determined in accordance with the provisions of Rule 13d-3 of the Securities Exchange Act of 1934 (the Exchange Act ) under which, in general, a person is deemed to be the beneficial owner of a security if he or she has or shares the power to vote or direct the voting of the security or the power to dispose of or direct the disposition of the security, or if he or she has the right to acquire beneficial ownership of the security within sixty days.
- (2) According to information provided to the Company by the Trust Company, as of January 31, 2009, the Trust Company had sole voting power with respect to 473,050 of these shares, sole dispositive power with respect to 492,848 of these shares and shared dispositive power with respect to 22,960 of these shares, but as a matter of state law, the Trust Company must refrain from voting any of these shares unless a co-fiduciary is appointed for the sole purpose of voting the shares. The Trust Company has no voting power (sole or shared) with respect to 504,213 of these shares and has no dispositive power (sole or shared) with respect to 461,455 of these shares. The 977,263 shares are held by the Trust Company as trustee of various trust accounts, of which no single trust account holds more than 5% of the Company's outstanding shares.

- (3) According to information provided to the Company by VuBay Foundation, James Reade Chisman, Robert F. Shuford, Sr. and Ann DeVenny Wallace (the VuBay information ), as of February 18, 2009, Mr. Chisman has sole voting and dispositive power with respect to 48,999 shares and shared voting and dispositive power with respect to 353,620 shares. Mr. Shuford, Sr. has sole voting and dispositive power with respect to 141,841 shares and shared voting and dispositive power with respect to 451,283 shares. Ms. Wallace has sole voting and dispositive power with respect to 7,619 shares and shared voting and dispositive power with respect to 309,552 shares. Mr. Chisman, Mr. Shuford, Sr. and Ms. Wallace each disclaim any beneficial interest in 309,552 of the shares that he or she may be deemed to beneficially own by virtue of his or her position as a director of VuBay Foundation, the holder of record of 309,552 shares. In their capacities as directors of VuBay Foundation, Mr. Chisman, Mr. Shuford, Sr. and Ms. Wallace each share with the other two directors voting and dispositive power with respect to the shares held by VuBay Foundation.
- (4) See also footnotes 2 and 4 on page 5.
- (5) See also footnotes 2 on page 5 and 12 on page 6.
- (6) According to the VuBay information, as of February 18, 2009, VuBay Foundation has sole voting and sole dispositive power with respect to these 309,552 shares. VuBay Foundation's decision with respect to a vote or disposition of these 309,552 shares is dictated by the majority vote of the three directors of VuBay Foundation, who share voting and dispositive power with respect to the shares owned by VuBay Foundation, as described in footnote 3 to this chart.

The following table shows, as of February 18, 2009, the beneficial ownership of the Company's common stock by each director, director nominee, and certain executive officers, and by all directors, and executive officers of the Company as a group.

Name	Amount and Nature of Beneficial Ownership <sup>(1)(2)</sup>	Percent of Class
David L. Bernd	2,500	0.1%
James Reade Chisman	404,119 <sup>(3)(4)</sup>	8.2%
Dr. Richard F. Clark	127,355 <sup>(5)</sup>	2.6%
Russell Smith Evans, Jr.	11,093 <sup>(6)</sup>	0.2%
Dr. Arthur D. Greene	9,938 <sup>(7)</sup>	0.2%
Stephen D. Harris	28,201 <sup>(8)</sup>	0.6%
John Cabot Ishon	67,719 <sup>(9)</sup>	1.4%
John B. Morgan, II	12,864 <sup>(10)</sup>	0.3%
Louis G. Morris	56,343	1.1%
Robert L. Riddle	8,897	0.2%
Dr. H. Robert Schappert	173,511 <sup>(11)</sup>	3.5%

Robert F. Shuford, Sr.	605,745 <sup>(3)(12)</sup>	12.3%
Robert F. Shuford, Jr.	23,304 <sup>(13)</sup>	0.5%
Ellen Clark Thacker	3,628 <sup>(14)</sup>	0.1%
Joseph R. Witt	4,250	0.1%
Melvin R. Zimm	4,366	0.1%
Laurie D. Grabow	6,539 <sup>(15)</sup>	0.1%
Margaret P. Causby	18,437 <sup>(16)</sup>	0.4%
Eugene M. Jordan, II	50,437 <sup>(17)</sup>	1.0%
All directors & executive officers as a group (20 persons)	1,310,759 <sup>(18)</sup>	25.0%

- (1) For purposes of this table, beneficial ownership has been determined in accordance with the provisions of Rule 13d-3 of the Exchange Act under which, in general, a person is deemed to be the beneficial owner of a security if he or she has or shares the power to vote or direct the voting of the security or the power to dispose of or direct the disposition of the security, or if he or she has the right to acquire beneficial ownership of the security within sixty days.
- (2) Includes shares that may be acquired within sixty days of February 18, 2009 pursuant to the exercise of stock options granted under the 1998 Old Point Stock Option Plan Mr. Bernd, 250 shares; Mr. Chisman, 1,500 shares; Dr. Clark, 5,250 shares; Mr. Evans, 5,250 shares; Dr. Greene, 5,250 shares; Mr. Harris, 5,250 shares; Mr. Ishon, 5,250 shares; Mr. Morgan, 3,375 shares; Mr. Morris, 19,641 shares; Mr. Riddle, 250 shares; Dr. Schappert, 1,500 shares; Mr. Shuford, Sr., 12,621 shares; Mr. Shuford, Jr., 3,750 shares; Mrs. Thacker, 1,500 shares; Mr. Witt, 250 shares; Mr. Zimm, 1,500 shares; Mrs. Grabow, 3,750 shares; Mrs. Causby, 8,437 shares; Mr. Jordan, II, 3,750 shares; and Ms. Burroughs, 625 shares.
- (3) See footnote 3 on page 4.
- (4) Includes 36,000 shares held by Mr. Chisman's spouse, as to which Mr. Chisman shares voting and investment power through a power of attorney, 500 shares held by Mr. Chisman's spouse in an IRA, as to which Mr. Chisman has no voting or investment power and 7,568 shares held by Mountain Eagle Co., of which Mr. Chisman is President and has shared voting and investment power.
- (5) Includes 375 shares held by Dr. Clark's spouse, as to which Dr. Clark has no voting or investment power, and 121,730 shares held by a trust for which he serves as trustee.
- (6) Includes 1,468 shares held by Mr. Evans' spouse, as to which Mr. Evans has no voting or investment power.
- (7) Includes 625 shares held by Dr. Greene as custodian.
- (8) Includes 922,8040 shares as to which Mr. Harris shares voting and investment power.

- (9) Includes 7,500 shares as to which Mr. Ishon shares voting and investment power, and 4,962 shares held by Mr. Ishon's spouse and 827,933.2 shares held by Mr. Ishon's dependent children, as to which Mr. Ishon has no voting or investment power. Also includes 1,655,863.2 shares held by Mr. Ishon as custodian for his children under the Uniform Transfer to Minors Act. Includes 300 shares held in (an estate) the estate of Eugene M. Jordan, for which Mr. Jordan, II and Mr. Ishon's wife have shared voting and investment power with respect to such shares, and 28,980 shares held in (a trust) the Eugene M. Jordan Family Trust, for which Mr. Jordan, II and Mr. Ishon's wife serve as co-trustees with shared voting and investment power with respect to such shares. Mr. Ishon has no voting or investment power with respect to these shares.
- (10) Includes 375 shares held by Mr. Morgan's spouse, as to which Mr. Morgan has no voting or investment power, 4,500 shares held by a trust for which Mr. Morgan serves as trustee, and 4,614,015.4 shares held by Morgan-Marrow Insurance, of which Mr. Morgan is President and as to which Mr. Morgan has shared voting and investment power.
- (11) Includes 2,925 shares as to which Dr. Schappert shares voting and investment power, and 726 shares held by Dr. Schappert's spouse and 113,917 shares held in a trust for Dr. Schappert's spouse for which Dr. Schappert serves as co-trustee. Also includes 54,262 shares held by a trust for which Dr. Schappert serves as trustee.
- (12) Includes 141,731 shares held by Mr. Shuford, Sr.'s spouse, as to which Mr. Shuford, Sr. shares voting and investment power and 23,856 shares that are pledged as collateral.
- (13) Includes 486,193.2 shares held by Mr. Shuford, Jr.'s spouse as custodian for their children under the Uniform Transfer to Minors Act as to which Mr. Shuford, Jr. has no voting or investment power, and 4,312 shares that are pledged as collateral.
- (14) Includes 562 shares as to which Mrs. Thacker shares voting and investment power, and 846 shares as to which Mrs. Thacker has no voting power.
- (15) Includes 2,684,114.8 shares as to which Mrs. Grabow shares voting and investment power.
- (16) Includes 10,000 shares as to which Mrs. Causby shares voting and investment power.
- (17) Includes 7,500 shares as to which Mr. Jordan II shares voting and investment power and 1,062 shares held by Mr. Jordan II's spouse, as to which Mr. Jordan II has no voting or investment power. Also includes 1,506,205.1 shares held by Mr. Jordan II as custodian for his children under the Uniform Transfer to Minors Act. Includes 300 shares held in (an estate) the estate of Eugene M. Jordan, for which Mr. Jordan, II and Mr. Ishon's wife have shared voting and investment power with respect to such shares, and 28,980 shares held in (a trust) the Eugene M. Jordan Family Trust, for which Mr. Jordan, II and Mr. Ishon's wife serve as co-trustees with shared voting and investment power with respect to such shares. Mr. Ishon has no voting or investment power with respect to these shares.
- (18) Includes 439,522.7 (0.0%) shares beneficially owned by Melissa L. Burroughs, as to which Ms. Burroughs shares voting and investment power.

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**PROPOSAL ONE**
**ELECTION OF DIRECTORS****In Memoriam Eugene M. Jordan, Sr.**

Eugene M. Jordan, Sr., a member of the Board of Directors of Old Point National Bank for 44 years and a member of the Board of Directors of Old Point Financial Corporation for 24 years, passed away on November 16, 2008. Mr. Jordan was a member of the Board of Directors from 1964 until his passing, helping guide the development of the Company from a small community bank on the Peninsula to a bank with 20 branches in the Hampton Roads area and the formation of Old Point Trust & Financial Services, N.A. in 1999. Mr. Jordan's law firm, Jordan, Ishon & Jordan, also acted in the capacity of the Bank's legal counsel until 2002 when his firm dissolved. He will be greatly missed by his friends at Old Point.

The sixteen persons named below, all of whom currently serve as directors of the Company, will be nominated to serve as directors until the 2010 Annual Meeting, or until their successors have been duly elected and have qualified. Upon the recommendation of Dr. Greene, Chairman of the independent directors, the Board of Directors appointed Mr. Robert F. Shuford, Jr., effective January 13, 2009, to serve as director until the 2009 Annual Meeting. Mr. Shuford, Jr. was initially recommended to the independent directors on a motion by Mr. Chisman and seconded by Mr. Riddle. The persons named in the proxy will vote for the election of the nominees named below unless authority is withheld. The Company's Board believes that the nominees will be available and able to serve as directors, but if any of these persons should not be available or able to serve, the proxies may exercise discretionary authority to vote for a substitute proposed by the Company's Board.

**Director**

<b>Name (Age)</b>	<b>Since <sup>(1)</sup></b>	<b>Principal Occupation For Past Five Years</b>
David L. Bernd (60)	2007	President & CEO, Sentara Healthcare
James Reade Chisman (65)	2003	President, J. R. Chisman Development Company
Dr. Richard F. Clark (76)	1981	Retired Pathologist, Sentara Hampton General Hospital
Russell Smith Evans, Jr. (66)	1993	Assistant Treasurer and Corporate Fleet Manager, Ferguson Enterprises, Inc., a national plumbing & pipe wholesale distributor
Dr. Arthur D. Greene (64)	1994	Sentara Healthcare Administrator Retired Orthopaedic Surgeon
Stephen D. Harris (67)	1988	Attorney-at-Law Partner, Geddy, Harris, Franck & Hickman, L.L.P.
John Cabot Ishon (62)	1989	President, Hampton Stationery
John B. Morgan, II (62)	1994	President, Morgan-Marrow Insurance
Louis G. Morris (54)	2000	President & CEO, Old Point National Bank
Robert L. Riddle, CCIM (55)	2006	President, Riddle Associates, Inc., a full service commercial industrial real estate brokerage firm

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Dr. H. Robert Schappert (70)	1996	Retired	President, Beechmont Veterinary Associates, Ltd.
Robert F. Shuford, Sr. (71)	1965	Chairman of the Board, President & CEO, Old Point Financial Corporation; Chairman of the Board, Old Point National Bank	
Robert F. Shuford, Jr. (44)	2009	Executive Vice President/Chief Operating Officer,	Old Point National Bank
Ellen Clark Thacker (47)	2006	Executive Director,	Gloucester-Mathews Humane Society; Former General Manager, BFI Waste Services, L.L.C.
Joseph R. Witt (48)	2007	Executive Vice President/Corporate Banking,	Old Point National Bank; Former Treasurer Ferguson Enterprises, Inc.
Melvin R. Zimm (55)	2003	Attorney-at-Law	Member, Glasser & Glasser P.L.C.

(1) If prior to 1984, refers to the year in which the individual first became a director of the Bank. All present directors of the Company are also directors of the Bank. Mr. Chisman, Dr. Clark, Dr. Greene, Mr. Ishon, Mr. Shuford, Sr., Mrs. Thacker and Mr. Witt are also directors of the Trust Company.

None of the directors serve as directors of any other company with a class of securities registered pursuant to Section 12 of the Exchange Act.

There are four family relationships among the directors and executive officers. Mr. Shuford, Sr. and Dr. Schappert are married to sisters. Mr. Shuford, Sr. is the father of Mr. Shuford, Jr. Dr. Clark is the father of Mrs. Thacker. Mr. Ishon is the brother-in-law of Mr. Jordan, II. The Board does not believe that these family relationships are material to an evaluation of the ability or integrity of these individuals. The Board is not aware of any involvement in legal proceedings by any of the Company's directors or executive officers that would be material to an evaluation of the ability or integrity of any director or executive officer.

**The Board of Directors recommends that stockholders vote FOR the individuals nominated above to serve as Directors.**

### Corporate Governance

The Board of Directors is elected by the Company's stockholders; the Board, in turn, is the Company's governing body, responsible for hiring, overseeing and evaluating management; management is charged with the day to day operations of the Company and its affiliates.

The Board's primary responsibility is to provide oversight, counseling and direction to management in their efforts to fulfill the corporate strategy in maximizing opportunities, while addressing related business risks. The Board has delegated various responsibilities and authority to different Board committees, which include the Executive Committee, Audit Committee, Directors Loan Committee, Directors Loan Review Committee and Compensation Committee.

Management has been delegated the authority and responsibility for managing the Company's lines of businesses in a manner consistent with the Company's Strategic Plan and Code of Ethics, and in accordance with any specific plan, instructions or direction of the Board of Directors or one of the Board's committees. The Chief Executive Officer and management are required to seek the advice and, in appropriate situations, the approval, of the Board with respect to extraordinary actions to be undertaken by the Company.

#### **Board Committees and Attendance**

The Board of Directors is comprised of a majority of independent directors, as defined by the listing standards of the NASDAQ Stock Market. Independent directors do not receive consulting, legal or other fees from the Company other than Board and committee compensation. Although companies affiliated with certain of these directors provide goods and services to the Company, the Board of Directors has determined in accordance with the NASDAQ listing standards that these independent directors have no relationships with the Company that would interfere with the exercise of their independent judgment in carrying out the responsibilities of a director. The independent directors are Messrs. Bernd, Chisman, Evans, Harris, Morgan, Riddle, Zimm, Dr. Clark, Dr. Greene and Mrs. Thacker.

The Board reviews each director's independence status on an annual basis to ensure compliance with NASDAQ listing standards.

In reviewing the independence of John B. Morgan, II, a Company director, management considered the relationship between the Company and Morgan-Marrow Insurance, of which Mr. Morgan is President, which received fees of approximately \$121,000 for providing insurance for the Company's subsidiaries in 2008. In reviewing the independence of director Melvin R. Zimm, the Board considered the relationship between the Company and the law firm of Glasser & Glasser, of which Mr. Zimm is a member, which law firm received fees of approximately \$32,000 for performance of legal services for one of the Company's subsidiaries in 2008. In reviewing the independence of director Robert L. Riddle, the Board considered the relationship between the Company and Riddle Associates, Inc., of which Mr. Riddle is President, which received fees of approximately \$49,000 for providing services for one of the Company's subsidiaries in 2008. In each of these relationships, the Board determined that the relationship did not interfere with the director's ability to act in an independent manner.

During 2008, there were 13 meetings of the Board of Directors of the Company. Each director attended at least 75% of all meetings of the Board and committees on which he/she served.

The independent directors also met in regularly scheduled executive sessions in March, June, October and December of 2008.

The Company has not adopted a formal policy on Board members' attendance at its annual meetings of stockholders, although all Board members are invited and encouraged to attend and, historically, most have done so. All Board members attended the Company's 2008 Annual Meeting of Stockholders.

The Board of Directors of the Company has standing Executive, Audit and Compensation Committees.

*Executive Committee.* Current members of the Executive Committee are Messrs. Shuford, Sr. (Chairman), Harris, Morris and Dr. Greene and Mrs. Thacker. The Executive Committee serves in an advisory capacity, reviewing matters and making recommendations to the Board of Directors. The Executive Committee met four times in 2008.

*Compensation Committee.* The Compensation Committee consists of four non-employee directors, Mr. Morgan (Chairman), Messrs. Bernd, Evans and Dr. Clark. The Committee does not operate under a written charter. The Board of Directors has determined that the members of the Committee are non-employee.

directors (within the meaning of Rule 16b-3 of the Exchange Act), with the exception of Mr. Morgan, outside directors (within the meaning of Section 162(m) of the Internal Revenue Code) and independent directors (within the meaning of Rule 4200(a)(15) of the NASDAQ Marketplace Rules and the independence standards of the Company's Corporate Governance Guidelines). In addition, no Committee member is a current or former employee of the Company or any subsidiary or affiliate. While the Committee members are not required to have certain qualifications or special knowledge, they each have held/hold high-level management and employee supervisory positions in their respective fields that include duties relating to compensation of employees at multiple levels.

The Committee reviews and recommends compensation adjustments for all exempt employees (including senior management). The Committee submits its recommendations to the full Board for final approval. The Committee met two times in 2008. The dates, meeting times and agenda items for committee meetings are set in accordance with the subject matter to be discussed and are determined by the Committee Chairman and the Human Resources Director.

*Audit Committee.* Current members of the Audit Committee are Mrs. Thacker (Chairman), Messrs. Evans, Harris, and Dr. Greene. Mr. Witt also served on the Audit Committee during fiscal 2008, until November 30, 2008 in anticipation of his employment with the Bank, which commenced in December 2008. The Board of Directors has determined that all of the members of the Audit Committee satisfy the independence and financial literacy requirements for audit committee members under the NASDAQ listing standards and applicable SEC regulations. In addition, at least one member of the Audit Committee has past employment experience in finance or accounting or comparable experience which results in the individual's financial sophistication. The Board of Directors has also determined that Mr. Evans qualifies as an audit committee financial expert within the meaning of applicable regulations of the SEC promulgated pursuant to the Sarbanes-Oxley Act of 2002.

The Audit Committee assists the Board in its financial reporting oversight duties, internal controls, audit function, whistleblower policy, and other matters relating to corporate governance. The Audit Committee is responsible for the appointment, compensation, and oversight of the work of the Company's independent accountants. The Audit Committee reviews on a regular basis the work of the Company's internal audit department. It also reviews and approves the scope and detail of the continuous audit program, which is conducted by the internal audit staff to protect against improper and unsound practices and to furnish adequate protection for all assets and records. During 2008, the Audit Committee met four times.

The Committee operates under a written charter adopted by the Board of Directors. The Committee reviews and reassesses the charter annually and recommends any changes to the Board for approval. The Audit Committee Charter is posted on the Company's website of [www.oldpoint.com](http://www.oldpoint.com) under the Investor Relations link and then under the Governance Documents link.

*Nominations.* The Board of Directors does not have a standing nominating committee or nominating committee charter because it believes it can have an independent nominating process without a separate nominating committee. Pursuant to a resolution passed by the Board of Directors and consistent with NASDAQ Marketplace Rules, director nominees are selected and recommended for consideration to the full Board of Directors by a majority of the directors who are independent according to the NASDAQ listing standards. For this purpose, the following directors are independent: Messrs. Bernd, Chisman, Evans, Harris, Morgan, Riddle, Zimm, Dr. Clark, Dr. Greene and Mrs. Thacker.

In addition to recommending to the full Board whether or not current directors should be nominated for reelection, the independent directors also identify new candidates in the event of a vacancy on the Board. The independent directors identify potential director candidates from a variety of sources, including management, consultants and other individuals likely to possess an understanding of the Company's business and knowledge of suitable candidates. The independent directors evaluate the qualifications of candidates for membership to the Board of Directors. Following this evaluation process, candidates are selected by a majority of the independent



directors to be recommended for nomination by the full Board of Directors. The full Board then selects nominees to recommend to the Company's stockholders in the annual election process or appoints new directors to serve until the next annual election.

Qualifications for consideration as a Board nominee may vary according to the particular areas of expertise being sought to complement the existing Board composition. However, in making their nomination recommendations to the Board of Directors, the independent directors consider, among other things, an individual's business experience, industry experience, financial background, geographic representation, breadth of knowledge about issues affecting the Company, time available for meetings and consultation regarding Company matters and other particular skills and experience possessed by the individual. In addition, the independent directors seek director candidates that will result in the Board of Directors consisting of more than a majority of independent directors at all times.

While there are no formal procedures for stockholders to submit director candidate recommendations, the independent directors will consider candidates recommended in writing by stockholders entitled to vote in the election of directors. Such written submissions should include the name, address, and telephone number of the recommended candidate, along with a brief statement of the candidate's qualifications to serve as a director. All such stockholder recommendations should be submitted to the attention of the Company's Secretary at the Company's principal office located at 1 West Mellen Street, Hampton, Virginia 23663; and must be received by January 1, 2010 in order to be considered by the independent directors for the next annual election of directors. Any director candidate recommended by a stockholder will be reviewed and considered by the independent directors in the same manner as all other director candidates based on the qualifications described above.

In addition, in accordance with the Company's bylaws, any stockholder entitled to vote in the election of directors may nominate an individual for director. Any such stockholder nomination must be in writing and must include sufficient background information with respect to the nominee, including his or her name, address and principal occupation, sufficient identification of the nominating stockholder, including his or her name, address and principal occupation and a representation by the stockholder of his or her eligibility and intention to appear at the annual meeting (in person or by proxy) to nominate the individual specified in the notice, a description of any arrangements or understandings between the stockholder and the nominee or others regarding the nomination, an indication of the total number of shares expected to be voted for the nominee, and the nominee's written consent to the nomination. Stockholder nominations must be received by the Company's Secretary at the Company's principal office in Hampton, Virginia, no later than February 1, 2010 for the 2010 Annual Meeting; provided, however, that such notice will not be required to be given more than 90 days prior to the 2010 Annual Meeting.

#### **Compensation Committee Interlocks and Insider Participation**

Current members of the Compensation Committee are Messrs. Morgan (Chairman), Bernd, Evans, and Dr. Clark. No member of the Compensation Committee is or has been an officer or employee of the Company or any of its affiliates. Furthermore, none of the Company's executive officers has served on the board of directors of any company of which a Compensation Committee member is an employee.

During 2008 and through the present time, there have been transactions between the Company's banking subsidiary and certain members of the Compensation Committee or their associates, all consisting of extensions of credit by the Bank in the ordinary course of business. Each transaction was made on substantially the same terms, including interest rates, collateral and repayment terms, as those prevailing at the time for comparable transactions with the general public. In the opinion of management, none of the transactions involved more than the normal risk of collectibility or presented other unfavorable features.

Mr. Morgan is the President of Morgan-Marrow Insurance, which provides insurance for the Company's subsidiaries. During 2008, Morgan-Marrow Insurance received fees of approximately \$121,000

from the Company or its subsidiaries for this service. The Board has determined that Mr. Morgan's relationship does not interfere with his ability to act in an independent manner, and considers Mr. Morgan to be an independent director.

#### **Stockholder Communications with the Board of Directors**

The Company provides an informal process for stockholders to send communications to the Board of Directors. Stockholders who wish to contact the Board of Directors or any of its members may do so by addressing their written correspondence to Old Point Financial Corporation, Board of Directors, c/o Corporate Secretary, P.O. Box 3392, Hampton, Virginia 23663 or [lmorris@oldpoint.com](mailto:lmorris@oldpoint.com). Correspondence directed to an individual Board member will be referred, unopened, to that member. Correspondence not directed to a particular Board member will be referred, unopened, to the Chairman of the Board.

#### **Interest of Management in Certain Transactions**

Some of the Company's directors, executive officers, and members of their immediate families, and corporations, partnerships and other entities of which such persons are officers, directors, partners, trustees, executors or beneficiaries, are customers of the Bank. All loans and commitments to lend to such individuals were made in the ordinary course of business, upon substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other unrelated persons and in the opinion of management did not involve more than normal risk of collectibility or present other unfavorable features. Pursuant to our written Insider Policy, all directors and executive officers (including our named executive officers), who have any direct or indirect financial or other participation in any business that competes with, supplies goods or services to, or is a customer of the Company or the Bank, in an amount greater than \$25,000 or aggregate business dealings with the Company or the Bank greater than \$120,000 per calendar year are considered significant and must be submitted to the Board of Directors for approval. Directors and executive officers are expected to make reasoned and impartial decisions in the workplace. As a result, approval of the proposed business is denied if the Board believes that the director's or executive officer's interest in such business could influence decisions relative to the Company's business, or have the potential to adversely affect the Company's business or the objective performance of the director's function or executive officer's work. The Board of Directors is responsible for overseeing compliance with the Insider Policy.

Mr. Morgan's relationship with the Company, disclosed above under Board Committees and Attendance and Compensation Committee Interlocks and Insider Participation, was approved by the Board of Directors pursuant to the Insider Policy.

The Company also transacts business with Hampton Stationery, of which John C. Ishon is President. The Company paid approximately \$132,000 in 2008 for stationery and supplies to Hampton Stationery. This is \$12,000 above the pre-approved amount of the Board of Directors, which has since been ratified by the Board of Directors.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### Overview of Compensation Program

The Compensation Committee (for purposes of this discussion, the Committee) of the Board of Directors has responsibility for establishing, implementing and monitoring adherence with the Company's compensation philosophy. The Committee ensures that the total compensation paid to the Company's executive management is fair and reasonable.

Throughout this proxy statement, the individuals who served as the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) during 2008, as well as the other executive officers included in the Summary Compensation Table on page 18, are referred to as the named executive officers or NEOs. The Company's senior management includes its NEOs.

#### General Philosophy

The Company compensates its senior management through a mix of base salary, bonus and, in some years, equity compensation, designed to retain executive talent and to align management's incentives with the long-term interests of stockholders. The compensation setting process consists of establishing targeted overall compensation of each senior manager and then allocating that compensation among base salary and incentive compensation. At the officer level, the Committee designs the incentive compensation to reward company-wide performance through tying awards primarily to earnings, asset and deposit growth. Currently, the Committee does not tie individual performance to incentive compensation. Generally, the types of compensation and benefits provided to the Company's senior management are intended to be similar to those provided to other executive officers in comparable institutions in the Southeast.

#### Board Process

Compensation adjustments and monetary awards to executive officers are recommended by the Committee for approval by the full Board of Directors, which makes the final decisions. Mr. Shuford, Sr. and Mr. Morris, who both serve on the Board of Directors, are not present during deliberations or voting with respect to their compensation.

Generally, on its own initiative the Committee reviews the individual performance for Mr. Shuford, Sr. CEO (Company) and Mr. Morris, President & CEO (Bank) and following discussions with those individuals, recommends their compensation levels to the full Board of Directors (excluding Mr. Shuford, Sr. and Mr. Morris). For the remaining NEOs, the CEO, President & CEO (Bank), President & CEO (Trust) and Senior Vice President of Human Resources make recommendations to the Committee that generally, with minor adjustments, are accepted by the Committee and presented to the full Board of Directors for approval.

In years when it grants equity compensation to executive officers, the Committee recommends to the full Board of Directors stock option grants to the CEO based on the Committee's evaluation of his performance and to other executive officers based on the recommendation of the CEO.

The Committee has not used a compensation consultant for establishing executive compensation.

#### Targeted Overall Compensation

To assist in establishing the aggregate level of compensation that the Company will pay, the Committee utilizes a peer group analysis of the southeastern states, primarily the SNL Executive Compensation Review for banks and thrifts with assets greater than \$400 million. Specifically, the 19 SEC reporting Banking Institutions

in Virginia with assets ranging from \$400 million to \$1 billion are considered in the peer group. Generally, targeted overall compensation correlates to what these financial institutions would offer individuals to fill executive management positions with similar skills and backgrounds to those the Company employs. Additionally, total compensation is established relative to the Company's performance and internal/external peer comparisons.

Based on the peer compensation analysis and review of Company and individual performance during 2007, the targeted overall compensation of the CEO in 2008 was established at \$336,000. This level of compensation is below the compensation levels of the Company's peer institutions. This has been the case for several years, and the Company is closing this gap between the total compensation level, especially base salary, of its CEO and the total compensation levels of CEOs of our peer institutions.

The Committee follows the same process with respect to establishing targeted overall compensation for the other NEOs. While the Committee considers the peer compensation analysis, the responsibilities of the Company's NEOs vary widely and the direct comparisons are less helpful. Based upon the Committee's review of the peer compensation analysis and review of Company and individual performance during 2007, the Committee sets the overall targeted compensation for the other NEOs at levels that are in the mid-range for positions among the peer group with similar scope of responsibility and required skill level.

#### Allocation Among Components

Under the Company's 2008 compensation structure, which did not include equity compensation, the approximate mix of base salary, bonus compensation and equity compensation is as follows:

	Base Salary	Bonus Target	Equity Compensation
Chief Executive Officer	93.8%	6.2%	0%
President & CEO (Bank)	89.3%	10.7%	0%
Executive Vice Presidents	89.3%	10.7%	0%

In allocating compensation among base salary, annual bonus compensation and equity compensation, the Committee believes that the compensation of senior-most levels of management should begin with a base level. Bonus and equity compensation should be awarded based on Company performance. Base salaries generally represent a large portion of the executive officers' total cash compensation and are generally considered to be average relative to the Company's peer financial institutions. Base salaries are also based on individual performance components.

The Committee believes that the top levels of management have the greatest ability to influence Company performance. Therefore, the Committee bases annual bonus compensation on Bank performance. When the Bank's performance is above budget, the top levels of management are rewarded. Likewise when the Bank's performance does not meet expectations, the top levels of management receive a lower bonus. In 2008, the target bonus for the NEOs was 12% of annual base salary. However, the Bank goals were not met and the bonuses actually paid for 2008 were between 6% and 8% of base salary.

In 2008, the overall compensation for executives did not include equity compensation awards. The Company had a stock option plan in place pursuant to which stock option awards could be granted and the Committee chose to grant stock options in 2007. Prior to 2007, the Committee did not grant equity compensation to executive officers for several years because the cost associated with offering equity compensation had increased due to the 2006 financial reporting requirements outlined in the Statement of Financial Accounting Standards (SFAS) No. 123R,

Share-Based Payment. The Committee granted options in 2007 in an effort to retain executive talent within the organization. The stock option plan expired March 9, 2008 and has not yet been replaced.

### **Base Salaries**

The Committee wants to provide executive management with a level of assured cash compensation in the form of base salary given their professional status and accomplishments. The Company has a compensation structure with salary ranges for management including the CEO and other executive managers. These ranges are based on peer compensation analysis discussed above. The last adjustments to the ranges were made in July 2008 in an effort to remain fair and reasonable within the Company's marketplace. The structure is designed to recruit and retain qualified personnel and is reviewed on an annual basis by the Committee to determine if adjustments to the ranges are appropriate. For 2008, the base salary ranges used for setting salaries were \$175 thousand to \$350 thousand for the CEO and from \$120 thousand to \$350 thousand for the other NEOs.

Each February, the Committee recommends the base salary of the CEO within the established range to the Board of Directors. Within this range, the CEO's base salary is determined using the peer compensation analysis in addition to the CEO's individual and Company performance during the prior year. The base salary of the CEO as of March 1, 2008 was \$300,000, which reflected an 18.11% increase in base salary from 2007. This increase reflected the Committee's and the Board's view that the CEO's individual performance and Company performance, as well as the CEO's base salary level in comparison to our peer institutions, warranted an increase. The performance goals evaluated included, but were not limited to return on average assets, return on average equity, net income, asset quality, and deposit and loan growth. The Committee also gave consideration to the CEO's expected future contributions, length of service and standing within the local banking communities and general economic conditions.

For the executive officers other than the CEO, each February the Committee recommends the executive's base salary within the established range to the Board of Directors, based on the recommendation of the CEO, President & CEO (Bank), President & CEO (Trust) and the Senior Vice President of Human Resources. The base salaries of the other executive officers are determined using the peer compensation analysis in addition to the officer's individual performance during the prior year and the Company's performance during the prior year, based on the same performance objectives discussed above with respect to the CEO.

### **Bonuses**

The bonus incentive plan, which is referred to as the Management Incentive Plan, is designed to motivate and reward participants for the achievement of fiscal year financial and non-financial objectives that directly contribute to the overall success of the Company. Non-commissioned exempt employees, except the CEO, hired no later than the last day of the prior year and employed through year-end of the current year are eligible to participate in the annual bonus incentive plan. This plan includes all of the Company's NEOs except the CEO.

The target incentive award is the amount that the participant is eligible to receive if the combined, weighted performance against the plan objectives equals an overall achievement level. Goals and incentive awards are established under the plan for the Company and are based on the operating budget. Depending upon the participant's officer level in the Company for 2008, target incentive awards ranged from 3% to 12% of annualized base salary. All the NEOs, except the CEO, in 2008 were eligible for a bonus award equaling 12% of annualized base salary if all objectives were met, or a lower amount if not all of the objectives were met. The CEO's bonus award is determined in February after year-end so that the Committee can evaluate year-end results. The bonus awards for the other NEOs are determined before the end of the year and are based on actual year-to-date and estimated end-of-year performance of the established goals.

The bonus award for the CEO under the plan is both objectively and subjectively determined. The Committee considers the general performance of the Company in the prior year as well as the incentive award earned by the Executive Vice Presidents for the prior year to determine an appropriate bonus for the CEO. The Committee considers each of these factors but does not assign a specific value to any factor. For 2007 the CEO's bonus was \$19,160, which amounted to 7.6% of his 2007 base salary.

As mentioned above, the Company did not meet its goals under the bonus incentive plan in 2008. However, the Committee felt that the compensation granted to the CEO for 2008 performance should be based on past performance, and the possibility and potential for positive change in earnings for 2009. For 2008, the CEO's bonus was \$15,000, which amounted to 5.13% of his 2008 salary and was paid in 2009.

The bonus awards under the bonus incentive plan for the Bank NEOs other than the CEO are objectively determined, based on achieving predetermined financial goals such as deposit, loan and income growth during the year. The Board of Directors has discretion to increase or decrease the award based on non-financial goal achievements. A list of various projects and the completion status is reviewed in November of each year. Based on the status of these projects to the goals established at the beginning of the year, the Board of Directors determines the non-financial goal achievement level. In 2008 this level was set at 80%. Because the Bank did not meet its goal under the bonus incentive plan in 2008, the bonus awards to the NEOs equaled between 6% and 8% of their annualized salaries rather than the target bonus awards of 12% of annualized salary.

### **Equity Compensation**

Historically, the primary form of equity compensation has been incentive stock options. The Company used stock options because of the favorable accounting treatment and the near universal expectation by employees in the industry that they would receive stock options. The Company had not issued stock options since August 2004 until October 2007. Beginning in 2006 the accounting treatment for stock options changed as a result of SFAS No. 123R, making the accounting treatment of stock options less attractive to the Company; however, with the Committee's approval, the Company issued stock options using a multi-year vesting approach which spread the financial impact to the Company over a five-year period. There were no incentive stock options granted in 2008. The Company's stock option plan expired in 2008. No additional equity awards may be granted until the Company establishes a new stock incentive plan, which will require shareholder approval.

### **Severance Pay**

The Company does not have any employment contracts with our NEOs. Therefore, their severance pay is determined on a case-by-case basis by the Committee and the Board of Directors.

### **Perquisites and Other Compensation**

None of the NEOs received perquisites or other personal benefits in excess of \$10,000 in 2008.

The Committee reviews any perquisites that its CEO and the other NEOs may receive on an annual basis. In general, the Company does not provide its executives with many of the types of perquisites that other companies offer their executives, such as personal use of a company vehicle or vehicle allowances. In addition to the base salary and incentive compensation described above, the Company provides its NEOs with the same benefit package available to all of its salaried employees. This package includes:

Medical and dental insurance (portion of costs);

Medical/dependent care reimbursement plan;

Life insurance;

Short and Long-term disability insurance; and

Participation in the Company's 401(k) plan, including the Company match.



Until September 30, 2006, the Company maintained a traditional defined benefit pension plan (the Employee Retirement Plan ). However, since September 30, 2006, no new participants are being added to the plan, and the benefits under the plan for existing participants have been frozen. As a counterbalance, the Committee enhanced the 401(k) plan effective January 1, 2007. The Company provides an immediately vested safe harbor match of 100% up to 4% of an employee's deferral contribution.

The Company also offers post-retirement life insurance benefits to senior management in the form of a split dollar plan. The Company owns the policy and cash values provide an annual return to the Company while providing a term insurance benefit to the individual employee. In 2002, the Committee recommended and approved a plan to provide pre- and post-retirement life insurance benefits to the senior officer group utilizing Bank Owned Life Insurance (BOLI) with a portion of the death benefit endorsed to the insured officer through a split dollar agreement. All the NEOs took advantage of this benefit upon eligibility except for Robert F. Shuford, Jr. who is covered under a term life insurance policy provided by the Company in an amount equal to two times his annual base compensation. The amount endorsed under the BOLI equaled 300% of the current base salary, with the amount to increase 4% each year through termination or retirement. If the officer remained in the Company's employment through retirement, a post-retirement benefit equal to 50% of the benefit provided just prior to retirement would be provided.

Due to the new accounting rules issued by The Emerging Issues Task Force of the Financial Accounting Standards Board, the economics of the BOLI have changed for the Company. In 2008, in lieu of the BOLI, the NEOs that were fully vested in the split dollar plan became eligible to participate in the Management Section 162 Life Insurance Plan which offers key executives permanent life insurance protection which they own and control from inception of the policy. The premiums to purchase the 162 Life Insurance Plan were included in the NEO's compensation in 2008 as indicated in footnote 3 of the All Other Compensation table on page 19.

#### **Relocation Benefits**

The Company does not have a policy providing relocation benefits.

#### **Deductibility of Executive Compensation**

As part of its role, the Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that the Company may not deduct compensation of more than \$1 million that is paid to certain individuals. To date, the Company's compensation practices have not caused this limit to be reached or exceeded.

#### **Stock Ownership Guidelines**

Although the Committee believes that significant levels of stock ownership will assist in retaining qualified and motivated executive officers, the Committee has not established stock ownership guidelines for any of its officers.

The following table summarizes the total compensation for the years ended December 31, 2008, December 31, 2007 and December 31, 2006 of the Company's CEO, Executive Vice President and CFO (Bank), and each of the Company's next three most highly compensated officers.



## Summary Compensation Table

Fiscal 2006, 2007 &amp; 2008

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$) (2)	Non-Equity Incentive Plan Compensation (3) (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (4)	All Other Compensation (\$) (5)	Total (\$)
Robert F. Shuford, Sr., Chairman, President & CEO (Company)	2008	\$ 292,333	\$ 15,000		\$ 5,410	\$ 4,206	\$ 13,438	\$ 97,802	\$ 428,189
	2007	\$ 252,000	\$ 19,160		\$ 1,211	\$ 4,712	\$ 29,971	\$ 17,191	\$ 324,245
		(1)							
	2006	\$ 240,867	\$ 11,100			\$ 3,738	\$ 12,467	\$ 14,472	\$ 282,644
Laurie D. Grabow EVP/CFO (Bank)	2008	\$ 145,000			\$ 3,395	\$ 13,686	\$ 5,163	\$ 70,048	\$ 237,292
	2007	\$ 134,967			\$ 760	\$ 13,321		\$ 8,352	\$ 157,400
	2006	\$ 124,000				\$ 8,138	\$ 9,421	\$ 6,331	\$ 147,890
Louis G. Morris, President & CEO (Bank)	2008	\$ 243,333			\$ 5,410	\$ 18,501	\$ 10,775	\$ 84,867	\$ 362,886
	2007	\$ 208,333			\$ 1,211	\$ 20,562		\$ 13,075	\$ 243,181
		(1)							
	2006	\$ 199,533				\$ 13,017	\$ 20,896	\$ 10,332	\$ 243,778
Margaret P. Causby EVP/ RMO (Bank)	2008	\$ 149,167			\$ 3,395	\$ 14,079	\$ 2,721	\$ 82,627	\$ 251,989
	2007	\$ 144,417			\$ 760	\$ 14,254		\$ 9,325	\$ 168,756

Margaret P. Causby Continued	2006	\$ 140,583	\$ 9,226	\$ 7,610	\$ 8,104	\$ 165,523
Robert F. Shuford, Jr., COO (Bank)	2008	\$ 148,333	\$ 3,395	\$ 14,001	\$ 446	\$ 174,705

- (1) Robert F. Shuford, Sr., and Louis G. Morris serve as inside directors. In 2006, \$8,200 and \$4,800 were added respectively to the base salary of Mr. Shuford, Sr. and Mr. Morris, to compensate them for their Board service in lieu of paying them separate Board fees in the future.
- (2) The amounts in this column reflect the dollar amount expensed for financial statement reporting purposes for the fiscal years ended December 31, 2008, 2007 and 2006 respectively, in accordance with SFAS No. 123R for stock option awards pursuant to the 1998 Stock Option Plan. There were no option awards granted in 2006 or 2008.
- (3) The amounts in this column reflect the dollar amounts expensed for the non-equity bonus incentive plan and the cash portion of the profit sharing plan. Messrs. Morris, and Shuford, Jr. and Messes. Causby and Grabow participate in the Company's bonus incentive plan described in the Compensation Discussion and Analysis. Mr. Shuford, Sr. also participates in the bonus incentive plan, but his awards for 2006, 2007 and 2008 did not satisfy the criteria for a non-equity incentive plan award, so his bonus incentive plan awards for 2006, 2007 and 2008 are reported in the bonus column. All the NEO's participate in the profit sharing plan.
- (4) The amounts in this column reflect the change in the actuarial present value of the named executive officer's benefits under the Employee Retirement Plan determined using interest rate and mortality rate assumptions consistent with those used in Note 12 in the Company's Annual Report on Form 10-K to the Company's audited financial statements for the years ended December 31, 2006, 2007 and 2008, and include amounts which the named executive officer may not currently be entitled to receive because such amounts are not vested. The Company does not offer any nonqualified deferred compensation plans.
- (5) Amounts shown in the All Other Compensation column are detailed in the chart below.

**All Other Compensation Fiscal 2008**

Name	Perquisites and Other Personal Benefits (1)	Tax Gross- Ups and Reimbursements	Dividends Paid on Stock Awards	Discounted Securities Purchases	Payments/ Accruals on Termination Plans	Company		Other
						Contributions to Defined Contribution Plans (2)	Company- Paid Life Insurance Premiums (3)	
Robert F. Shuford, Sr.						\$ 15,894	\$ 81,908	
Laurie D. Grabow						\$ 7,884	\$ 62,164	
Louis G. Morris						\$ 13,230	\$ 71,637	
Margaret P. Causby						\$ 8,110	\$ 74,517	
Robert F. Shuford, Jr.						\$ 8,065	\$ 465	

- (1) None of the NEOs received perquisites or other personal benefits in excess of \$10,000 in 2008.
- (2) Reflects 401(k) plan Company deferral match and a profit sharing contribution.
- (3) The amounts in this column reflect the amounts paid for BOLI as follows: Mr. Shuford, Sr. \$0; Mrs. Grabow, \$84; Mr. Morris, \$288; and Mrs. Causby, \$362. In addition the amounts paid for the conversion of the split dollar life insurance plan to the 162 life insurance plan are included: Mr. Shuford, Sr., \$81,908; Mrs. Grabow, \$62,080; Mr. Morris, \$71,349; Mrs. Causby, \$74,155. Mr. Shuford, Jr. did not participate in the BOLI plan. His amount in this column reflects the amount of insurance premiums the Company paid for 2008 in connection with Mr. Shuford, Jr.'s term life insurance policy.

The following table summarizes certain information with respect to the Company's annual bonus incentive plan and reflects the amounts that could have been paid under each such award for 2008. No option awards were granted in 2008.

**Grants of Plan-Based Awards**

**Fiscal 2008**

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Possible Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares or Units (#)	All Other Option Awards: Number of Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		(\$) Threshold	(\$) Target	(\$) Maximum	(#) Threshold	(#) Target	(#) Maximum				
Robert F. Shuford, Sr.											
Laurie D. Grabow		\$ 11,600	\$ 17,400	\$ 40,600							
Louis G. Morris		\$ 19,467	\$ 29,200	\$ 68,133							
Margaret P. Causby		\$ 11,933	\$ 17,900	\$ 41,767							
Robert F. Shuford, Jr.		\$ 11,867	\$ 17,800	\$ 41,533							

- (1) Actual amounts earned are reported as Non-Equity Incentive Plan Compensation in the Summary Compensation Table. The annual bonus incentive plan is designed to motivate and reward participants for the achievement of fiscal year financial and non-financial objectives that directly contribute to the success of the Company. Participants are paid at the end of the year for that same year's performance. The threshold is the amount received if 60% of the objectives are met. The target is the amount that the participant receives if all targeted achievements are met and the maximum is the amount received if all objectives are exceeded and reach the maximum level of performance allowed by the program's design. Depending on the participant's officer level in the Company, incentives ranged from 0% to 12% of annual base salary for 2008. All exempt employees are eligible for this program except Robert F. Shuford, Sr., CEO.

The following table includes certain information with respect to all unexercised options held by the NEOs at December 31, 2008. None of the NEOs held any unvested restricted stock at December 31, 2008.

### Outstanding Equity Awards at 2008 Fiscal Year-End

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or
	Number of Securities Underlying Unexercised Options (#)(1) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Robert F. Shuford, Sr.	996 4,125 7,500	3,984		\$ 20.05 \$ 23.83 \$ 12.91	10/18/2017 8/9/2014 8/13/2011				
Laurie D. Grabow	625 3,125	2,500		\$ 20.05 \$ 23.83	10/18/2017 8/9/2014				
Louis G. Morris	996 4,125 7,020 7,500	3,984		\$ 20.05 \$ 23.83 \$ 12.91 \$ 9.81	10/18/2017 8/9/2014 8/13/2011 9/11/2010				
Margaret P. Causby	625 3,125 4,687	2,500		\$ 20.05 \$ 23.83 \$ 12.91	10/18/2017 8/9/2014 8/13/2011				
Robert F. Shuford, Jr.	625 3,125	2,500		\$ 20.05 \$ 23.83	10/18/2017 8/9/2014				

- (1) All outstanding options with expiration dates of August 9, 2014, August 13, 2011 and September 11, 2010 were vested on the first anniversary of the grant date. Options expiring on October 18, 2017 are vested equally over a five year period beginning October 18, 2008 and will be fully vested on October 18, 2012.

The following table summarizes certain information with respect to options that were exercised by the NEOs during 2008. None of our NEOs held restricted stock that vested during 2008.

### Option Exercises and Stock Vested

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise \$(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Robert F. Shuford, Sr.				
Laurie D. Grabow				
Louis G. Morris				
Margaret P. Causby				
Robert F. Shuford, Jr.	2,812	\$ 11,397		

(1) Value realized is the gross number of options exercised multiplied by difference between the closing market price of the Company's common stock on the date of exercise and the exercise price.

### Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information as of December 31, 2008 with respect to certain compensation plans under which equity securities of the Company are authorized for issuance.

### Equity Compensation Plan Information

Plan Category	(a)	(b)	(c)
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by stockholders <sup>(1)</sup>	286,899	\$ 18.25	-0-(2)
Equity compensation plans not approved by stockholders			
Total	286,899	\$ 18.25	-0-

(1) These plans consist of the 1989 Stock Option Plan and the 1998 Stock Option Plan.

(2) Includes zero shares available to be granted in the form of options under the 1989 Stock Option Plan, and zero shares available to be granted in the form of options under the 1998 Stock Option Plan. The 1989 & 1998 Stock Option Plans are both expired and no further awards may be granted under the plans.

The following table shows the present value of accumulated benefits payable to each of the NEOs, including the number of years of service credited to each NEO under the Employee Retirement Plan, which is described in more detail in the Compensation Discussion and Analysis.

The Employee Retirement Plan, which covers substantially all full-time employees of the Company and its subsidiaries who had completed one year of service as of September 30, 2006. This plan was frozen as of September 30, 2006. The present value of the accumulated benefit is the value that the officer will receive at retirement or termination of the plan whichever comes first. A participant's monthly retirement benefit (if he or she has 25 years of benefit service at his normal retirement date) is 20% of his final five-year's average salary plus 15% of final five-year's average salary in excess of the participant's Social Security Covered Pay. The Social Security Covered Pay is the average pay of the calendar year prior to the year the participant attains his Social Security Retirement Age. If the participant has less than 25 years of benefit service at his normal retirement date, the participant's monthly retirement benefit will be actuarially reduced by  $1/25$  for each year of benefit service less than 25 years. Cash benefits under the plan generally commence on retirement, death or other termination of employment and are payable in various forms at the election of the participant.

### Pension Benefits

#### Fiscal 2008

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)(1)	Payments During Last Fiscal Year (\$)
Robert F. Shuford, Sr.	Employee Retirement Plan	42	\$ 717,415	
Laurie D. Grabow	Employee Retirement Plan	21	\$ 92,271	
Louis G. Morris	Employee Retirement Plan	24	\$ 219,708	
Margaret P. Causby	Employee Retirement Plan	38	\$ 231,186	
Robert F. Shuford, Jr.	Employee Retirement Plan	8	\$ 14,865	

- (1) The amounts in this column reflect the actuarial present value of each NEO's accumulated benefit under the Employee Retirement Plan determined using interest rate and mortality rate assumptions consistent with those used in Note 12 to the Company's audited financial statements for the year ended December 31, 2008, and include amounts which the named executive officer may not currently be entitled to receive because such amounts are not vested.

#### Nonqualified Deferred Compensation

The Company does not offer any nonqualified deferred compensation plans.

#### Potential Payments upon Termination or Change-in-Control

The Company has not entered into employment agreements with any of its executive officers. Therefore, the only payments upon termination that the NEOs would have received, assuming a termination as of December 31, 2008, would have been salary earned through December 31, 2008 and any vested 401(k) Plan or Employee Retirement Plan payouts, which payments would not have been increased or accelerated due to the termination. Our stock option agreements provide that upon a change-in-control, all unvested stock options will immediately vest, provided

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they were granted not less than six months prior to a change in control public announcement. This accelerated vesting occurs with respect to all stock option awards granted by the Company, and not only those granted to the named executive officers. If the change-in-control had occurred on December 31, 2008,

our named executive officers would not have received any value from this accelerated vesting because the exercise price of all unvested options exceeded the \$19.13 closing price per share of the Company's common stock on December 31, 2008.

The following table provides compensation information for the year ended December 31, 2008 for each non-employee member of the Company's Board of Directors.

### Director Compensation

#### Fiscal 2008

Name (1)	Fees Earned or Paid in		Option Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
	Cash (\$)	Stock Awards (\$)					
David L. Bernd	\$ 11,500		\$ 1,370				\$ 12,870
James Reade Chisman	\$ 18,050		\$ 1,370				\$ 19,420
Dr. Richard F. Clark	\$ 21,050		\$ 1,370				\$ 22,420
Russell Smith Evans, Jr.	\$ 17,550		\$ 1,370				\$ 18,920
Dr. Arthur D. Greene	\$ 17,000		\$ 1,370				\$ 18,370
Stephen D. Harris	\$ 15,550		\$ 1,370				\$ 16,920
John Cabot Ishon	\$ 23,900		\$ 1,370				\$ 25,270
Eugene M. Jordan (3)	\$ 12,450		\$ 1,370				\$ 13,820
John B. Morgan, II	\$ 16,800		\$ 1,370				\$ 18,170
Robert L. Riddle	\$ 20,750		\$ 1,370				\$ 22,120
Dr. H. Robert Schappert	\$ 16,600		\$ 1,370				\$ 17,970
Ellen Clark Thacker	\$ 20,250		\$ 1,370				\$ 21,620
Joseph R. Witt (4)	\$ 21,300		\$ 1,370				\$ 22,670
Melvin R. Zimm	\$ 13,800		\$ 1,370				\$ 15,170

- (1) Robert F. Shuford, Sr., the Company's CEO, Louis G. Morris, the Bank's President and CEO, and Robert F. Shuford, Jr., the Bank's COO, are not included in this table as they are employees of the Company and the Bank. Their compensation, including any compensation for Board service, is reported in the Summary Compensation Table on page 18.



As of December 31, 2008, each director had the following number of stock options outstanding: Shuford, Sr. 16,605; Bernd 1,250; Chisman 2,500; Clark 6,250; Evans 6,250; Greene 6,250; Harris 6,250; Ishon 6,250; Jordan 2,500; Morgan 4,375; Morris 23,625; Riddle 1,250; Schappert 2,500; Thacker 2,500; Witt 1,250; and Zimm 2,500.

- (2) The amounts in this column reflect the dollar amount expensed for financial statement reporting purposes for the fiscal years ended December 31, 2008 in accordance with SFAS No. 123R for stock option awards pursuant to the 1998 Stock Option Plan. There were no option awards granted in 2006 or 2008.
- (3) Mr. Jordan served as a director until his passing on November 16, 2008.
- (4) Mr. Witt became an employee of the Company December 1, 2008.

The fees paid in cash were for non-employee director attendance at Board meetings and committee meetings. In addition, each non-employee director was paid an annual retainer fee. Non-employee directors of the Bank and Trust Company receive \$400 and \$250, respectively, for each Board meeting they attend. The non-employee directors of the Bank and Trust Company received \$150 for each committee meeting they attend. In addition, non-employee directors of the Bank and Trust Company receive an annual retainer fee of \$8,000 and \$3,000, respectively, except that directors serving on the Bank board who also serve on the Trust Company board receive an additional \$1,000 instead of \$3,000 annual retainer for serving on the Trust Company board. In addition, the chairman of the Audit Committee received an additional \$2,000 annual retainer. Non-employee directors were eligible to receive awards of non-qualified stock options under the Company's 1998 Stock Option Plan, although the 1998 Stock Option Plan expired on March 9, 2008, and no further awards may be granted under the plan. The Company also pays for all directors and their spouses to attend Board seminars. The Executive Committee discusses Board compensation on an annual basis based on an informal survey of board compensation paid by peer financial institutions. Any recommendations for changes in Board compensation by the Executive Committee are presented to the full Board for approval.

Prior to March 2006, directors who were also employees of the Company or its subsidiaries received the stated fees for attendance at Board meetings, but did not receive any fees for committee meetings and did not receive annual retainer fees. Effective March 2006, Mr. Shuford, Sr. and Mr. Morris each received an increase to base salary in lieu of receiving payment for any future Board meetings or other Board service.

#### **Compensation Committee Report**

Following the drafting of the Compensation Discussion and Analysis (CD&A), the Compensation Committee reviewed and discussed the final CD&A with management during the Committee meeting held in January 2009. Based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the CD&A be included in this proxy statement at the February 2009 meeting.

#### **Compensation Committee**

John B. Morgan, II (Chairman)

David L. Bernd

Dr. Richard F. Clark

Russell Smith Evans, Jr.

### Report of the Audit Committee

The Audit Committee of the Board of Directors (for purposes of this report, the Committee) is composed of four non-employee directors, each of whom satisfies the requirements of FDICIA for Audit Committee members and the independence requirements of the SEC and the NASDAQ Stock Market's listing standards. In addition, the Board of Directors has also determined that Mr. Evans qualifies as an audit committee financial expert within the meaning of applicable regulations of the SEC, promulgated pursuant to the Sarbanes-Oxley Act of 2002.

The Committee oversees the Company's financial reporting process on behalf of the Board. Management is responsible for the Company's internal controls, financial reporting process and compliance with applicable laws and regulations and ethical business standards. The independent accountants are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for issuing a report thereon. The Committee monitors and oversees these processes and has sole responsibility for the appointment, compensation and evaluation of the Company's independent accountants.

In this context, the Committee met and held discussions with management and the independent accountants. Management represented to the Committee that the Company's audited consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Committee has reviewed and discussed the audited consolidated financial statements with management and the independent accountants. The Committee also discussed with management, the independent accountants and the Company's internal auditors the adequacy of the Company's system of internal controls.

The Committee discussed with the independent accountants matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended, including their judgments about the quality, not just the acceptability, of the Company's accounting principles and underlying estimates in the Company's consolidated financial statements; all critical accounting policies and practices to be used; all alternative treatments within generally accepted accounting principles for policies and practices related to material terms that have been discussed with management of the Company; and other material written communication between the independent accountants and the management of the Company, such as any management letter or schedule of unadjusted differences.

The Company's independent accountants also provided to the Committee the written disclosures and letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountants' communications with the Committee concerning independence and the Committee discussed with the independent accountants that firm's independence.

The Committee also discussed with the Company's internal auditors and independent accountants the overall scope and plans for their respective audits. The Committee met with the internal auditors and independent accountants, with and without management present, to discuss the results of their examinations, the evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

Based upon the Committee's discussions with management and the independent accountants and the Committee's review of the representation of management and the written disclosures and report of the independent accountants to the Committee, the Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, for filing with the SEC.

**Audit Committee**

Ellen Clark Thacker (Chairman)

Russell Smith Evans, Jr.

Dr. Arthur D. Greene

Stephen D. Harris

**Independent Registered Public Accountants**

Yount, Hyde & Barbour, P.C. rendered audit services to the Company during the fiscal year ended December 31, 2008. The Audit Committee has selected Yount, Hyde & Barbour, P.C. as the Company's independent registered public accountants for the current fiscal year ending December 31, 2009. A representative of Yount, Hyde & Barbour, P.C. will be present at the Annual Meeting and will be given the opportunity to make a statement and respond to appropriate questions from stockholders.

**Principal Accountant Fees**

The following table presents the fees for professional audit services rendered by Yount, Hyde & Barbour, P.C., for the audit of the Company's annual financial statements for the years ended December 31, 2008 and 2007, as well as fees billed for other services rendered by Yount, Hyde & Barbour, P.C. during 2008 and 2007. All fees reflected below for 2008 and 2007 were pre-approved in accordance with the Audit Committee Pre-Approval Policy discussed below.

	<b>Years Ended December 31,</b>	
	<b>2008</b>	<b>2007</b>
Audit fees <sup>1</sup>	\$ 130,000	\$ 122,100
Audit-related fees <sup>2</sup>	7,500	7,500
Tax fees <sup>3</sup>	8,000	7,200
All other fees	0	0
<b>Total fees</b>	<b>\$ 145,500</b>	<b>\$ 136,800</b>

(1) Audit fees consist of audit and review services, consents, report on internal control over financial reporting and review of documents filed with the SEC.

(2) Audit-related fees consist of pre-approved consultation concerning financial accounting and reporting standards.

(3) Tax fees consist of preparation of federal and state income tax returns and consultation regarding tax compliance issues.

The Audit Committee considers the provision of all of the above services to be compatible with maintaining the independence of the Company's independent accountants, Yount, Hyde & Barbour, P.C.

### **Audit Committee Pre-Approval Policy**

Pursuant to the terms of the Company's Audit Committee Charter, the Audit Committee is responsible for the appointment, compensation and oversight of the work performed by the Company's independent accountants. As part of this responsibility, the Audit Committee, or a designated member of the Audit Committee, must pre-approve all audit (including audit-related) and non-audit services performed by the independent accountants in order to assure that the provision of such services does not impair the accountants' independence. The Audit Committee has adopted, and the Board of Directors has ratified, an Audit Committee Pre-Approval Policy, which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the independent auditors may be pre-approved. The Audit Committee has delegated interim pre-approval authority to Mrs. Thacker, Chairman of the Audit Committee. Any interim pre-approval of permitted non-audit services is required to be reported to the Audit Committee at its next scheduled meeting. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent accountants to management.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires directors, executive officers, and 10% beneficial owners of the Company's common stock to file reports concerning their ownership of and transactions in the Company's common stock. Based on a review of the reports of changes in beneficial ownership of Company common stock and written representations made to the Company, the Company believes that its officers, directors and 10% beneficial owners complied with all filing requirements under Section 16(a) during 2008, with the exception of the late filing of one Form 4 by Dr. Arthur D. Greene, to report one transaction and the late filing of one Form 4 by Robert F. Shuford, Jr. to report one transaction.

**STOCKHOLDER PROPOSALS FOR 2010 ANNUAL MEETING**

In accordance with the bylaws of the Company as currently in effect, the 2010 Annual Meeting of Stockholders will be held on April 27, 2010.

If any stockholder intends to propose a matter for consideration at the Company's 2010 Annual Meeting (other than a director nomination), notice of the proposal must be received in writing by the Company's Secretary by February 1, 2010. If any stockholder intends to present a proposal to be considered for inclusion in the Company's proxy materials in connection with the 2010 Annual Meeting, the proposal must be in proper form and must be received by the Company at its main office in Hampton, Virginia, on or before November 18, 2009.

In addition, the proxy solicited by the Board of Directors for the 2010 Annual Meeting will confer discretionary authority to vote on any stockholder proposal presented at the meeting if the Company has not received notice of such proposal by February 1, 2010, in writing delivered to the Company's Secretary.

**OTHER MATTERS**

As of the date of this Proxy Statement, management of the Company has no knowledge of any matters to be presented for consideration at the Annual Meeting other than proposal 1 referred to above. If any other matters properly come before the Annual Meeting, the persons named in the accompanying proxy intend to vote such proxy, to the extent entitled, in accordance with their best judgment.

By Order of the Board of Directors,

/s/ Louis G. Morris  
Louis G. Morris  
*Secretary to the Board*

**ANNUAL REPORT ON FORM 10-K**

**A copy of the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission for the year ended December 31, 2008, will be furnished without charge to stockholders upon written request directed to:**

**Laurie D. Grabow**

**Executive Vice President/Finance**

**The Old Point National Bank of Phoebus**

**1 West Mellen Street**

**Hampton, Virginia 23663**

**(757) 728-1251**

**The Company's Annual Report on Form 10-K can also be viewed on the [Investor Relations](#) link on the Company's Internet website at <http://www.oldpoint.com>.**

















